



**Colorado
Legislative
Council
Staff**

HB17-1326

**REVISED
FISCAL NOTE**

(replaces fiscal note dated May 4, 2017)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0894 **Date:** May 8, 2017
Prime Sponsor(s): Rep. Lee **Bill Status:** Senate Second Reading
 Sen. Gardner; Kagan **Fiscal Analyst:** Amanda Hayden (303-866-4918)

BILL TOPIC: JUSTICE REINVESTMENT CRIME PREVENTION INITIATIVE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	\$56,643	(\$7,081,378)
General Fund - DOC	(5,865,182)	(7,131,619)
General Fund - DOLA	5,865,182	
Centrally Appropriated Costs	56,643	50,241
FTE Position Change	1.6 FTE	2.0 FTE
Appropriation Required: See State Appropriations section.		
Future Year Impacts: Ongoing net decrease in state expenditures.		

Summary of Legislation

This bill, *as amended by the Senate Appropriations Committee*, makes several changes to the procedures surrounding parole and creates the Justice Reinvestment Crime Prevention Initiative.

Changes to parole. The bill changes parole revocation terms and conditions for cases where a parolee violates any condition of parole not involving the commission of a crime (technical violations). If the parolee commits a technical violation and is on parole for a:

- a level 1 drug felony; class 2 felony; a crime of violence, stalking, menacing, or unlawful sexual behavior; a crime against an at-risk adult; or if the parolee is a sexually violent predator, the Parole Board may revoke parole for up to the remainder of the parole period rather than for various periods of time or for an extended period;
- level 2 drug felony or a class 3 nonviolent felony (excluding the crimes listed above), the Parole Board may revoke parole for up to 90 days, instead of 180; or
- level 3 or level 4 drug felony or a class 4, 5, or 6 nonviolent felony, the parolee may serve up to 30 days, instead of 180.

The bill changes the maximum time a revoked parolee can be held in the preparole release and revocation facility from 180 to 90 days. The bill repeals the Department of Corrections' authority to operate community return-to-custody facilities. It directs the Parole Board to conduct parole release review in lieu of a hearing, without the presence of the inmate, if the inmate is assessed to be a "low" or "very low" risk and victim notification is not required by law. Prior to parole release hearings, the Division of Adult Parole must conduct a parole plan investigation and inform the Parole Board of the results. If the Parole Board finds the plan inadequate, it may table the parole release decision and require the Division to submit a revised plan within 30 days.

Justice Reinvestment Crime Prevention Initiative. The bill creates the Justice Reinvestment Crime Prevention Initiative (initiative) in the Department of Local Affairs (DOLA). Subject to available appropriations, the Division of Local Government must administer the initiative to expand small business lending and provide grants aimed at reducing crime and promoting community development in the target communities of north Aurora and southeast Colorado Springs. The division must report annually to the General Assembly on the progress and outcomes of the initiative. The initiative sunsets on September 1, 2020.

Small business lending. On and after August 10, 2017, DOLA must develop and implement the initiative to expand small business lending in the target communities. On or before September 10, 2017, it must issue a request for participation and select one or more nondepository community development financial institution loan funds to participate in the initiative. The bill specifies the terms under which the initiative and any participating loan funds must operate. DOLA may retain up to 15 percent of funding received for small business lending in a loan loss reserve fund.

Grant program. On and after August 10, 2017, DOLA must develop and implement a grant program to provide funding to eligible entities for programs, projects, or direct services aimed at reducing crime in the target communities. Within a month of that date, it must issue a request for participation and select a community foundation or foundations to manage the grant program. The bill specifies the roles and responsibilities that the participating foundation(s) must adhere to, and it outlines the permissible uses of grant funding. DOLA must transfer to the community foundation(s) the administrative costs related to managing the grant program, which may not exceed 4 percent of the appropriation.

State Expenditures

This bill results in a net increase in state expenditures of \$56,643 in FY 2017-18 and a net decrease of \$7,081,378 in FY 2018-19. It decreases General Fund expenditures in the Department of Corrections (DOC) by \$5,855,296 in FY 2017-18 and \$7,183,209 in FY 2018-19. There is an increase of 0.8 FTE in FY 2017-18 and 1.0 FTE in FY 2018-19 in DOC. The bill increases General Fund expenditures in DOLA by \$5,911,939 and 0.8 FTE in FY 2017-18 and by at least \$101,831 and 1.0 FTE in FY 2018-19. These impacts are shown in Table 1 and discussed below.

Table 1. Expenditures Under HB17-1326		
Cost Components	FY 2017-18	FY 2018-19
Department of Corrections	(\$5,855,296)	(\$7,183,209)
Personal Services	36,254	45,319
FTE	0.8 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,463	950
Computer Programming	103,824	
Centrally Appropriated Costs*	9,886	12,357
Prison Bed Reduction	(6,010,723)	(7,241,835)
Department of Local Affairs	\$5,911,939	\$101,831
Personal Services	\$44,503	\$53,943
FTE	0.8 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,763	1,250
Travel	735	735
Computer Programming	48,288	6,592
Legal Services	4,753	1,426
Small Business Lending and Grant Funding	5,761,140	TBD
Centrally Appropriated Costs*	46,757	37,885
TOTAL	\$56,643	(\$7,081,378)

*Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. Based on current trends in DOC, the fiscal note assumes that approximately 1,240 non-violent offenders will fall into the 30-day revocation period and 218 non-violent offenders will fall into the 90-day revocation period specified by the bill. The 1,240 offenders will spend less time in jail and in prison or community return-to-custody facilities (CRCF) as a result of the bill. The 218 offenders will spend less time in prison or CRCF as a result of the bill. The fiscal note makes the following assumptions in calculating the reduction in expenditures:

- The bill will take effect August 9, 2017. The reduction in expenditures has been prorated by 83 percent in FY 2017-18 to reflect savings beginning September 1, 2017.
- The reduction in expenditures from jail reimbursements totals \$920,573, prorated to \$764,076 in FY 2017-18. DOC reimburses county jails at a daily rate of \$54.39. The reduction in expenditures is calculated using the average daily population of the 1,240 offenders who spend time in county jails as a result of TPV revocations.
- The reduction in expenditures from private prison beds totals \$3,913,951, prorated to \$3,248,579 in FY 2017-18. The average daily rate for prisons is \$56.80. The reduction in expenditures is calculated using the average daily population of non-violent parolees revoked for TPVs in prison facilities.
- The reduction in expenditures from the elimination of CRCF totals approximately \$2,407,311, prorated to \$1,998,068 in FY 2017-18. DOC currently receives \$3,241,110 for CRCF. Some of this funding is used for intermediate sanctions, such as jail-based treatment. The average daily population in CRCF beds for jail-based treatment is 80 offenders. DOC has already received funding for 38 of these beds through an

FY 2017-18 decision item. The fiscal note assumes that DOC requires funding to reimburse jails for the remaining 42 beds at \$54.39 per day (or \$833,799 total funds), resulting in an overall decrease in CRCF funds of \$2,407,311 (\$2,118,434 in FY 2017-18). If the Parole Board recommends intermediate sanctions more often in lieu of the 30-day revocation period, DOC may need to request additional funding for jail-based treatment through the annual budget process.

Department of Corrections. The Division of Adult Parole within DOC requires an additional administrative assistant to help with parole plan investigations. Standard operating expenses and capital outlay costs have been included. The fiscal note assumes a start date of September 1, 2017. DOC requires additional computer programming: approximately 1,008 hours at \$103 per hour to change applications related to Parole Board hearings, time/release action notices, and the Parole Board scheduling system. If the bill results in more frequent technical parole revocations, and therefore more frequent revocation hearings, the Division of Adult Parole, time release operations, and the Parole Board may need to request additional appropriations through the annual budget process.

Department of Local Affairs. Beginning September 1, 2017, DOLA requires one additional FTE to administer the small business lending and grant program established by the bill. Operating expenses and capital outlay costs include printing and postage expenses of \$300 to mail program grants, contracts, and annual notices of funding availability. Personal services and operating expenses have been prorated to account for a September 1, 2017, start date and the General Fund pay date shift. Travel expenses assume annual reimbursement of 1,500 vehicle miles traveled in order to provide oversight and management of the program's participants and grantees in Aurora and Colorado Springs. DOLA requires legal services for initial rule-making and ongoing updates and computer programming to allow secure access to its grant application portal for grantees and program participants. The bill appropriates \$5,761,140 for small business lending and grants. Small business loans are capped at \$50,000; grant award size is not specified in the bill. DOLA will determine how many loans and grants to make through the initiative. The fiscal note assumes that all funds will be disbursed in FY 2017-18; total funding for grants and loans in FY 2018-19 is unknown at this time and will depend on future appropriations made by the General Assembly.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Cost Components	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$13,650	\$17,059
Supplemental Employee Retirement Payments	7,237	8,894
Indirect Costs	29,756	18,288
Leased Space	6,000	6,000
TOTAL	\$56,643	\$50,241

Local Government Impact

This bill may increase the revenue and expenditures of local governments that apply for and receive funding through the initiative's grant program. It may also decrease revenue and expenditures for county jails as a result of shortened revocation periods for offenders who commit a technical parole violation. Currently DOC reimburses county jails at a rate of \$54.39 per day to house parolees.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State Appropriations

In FY 2017-18, the bill requires and includes the following changes in appropriations:

- a General Fund appropriation of \$5,865,182 and an allocation of 0.8 FTE to DOLA, \$4,753 of which must be reappropriated to the Department of Law and \$48,288 to the Office of Information Technology; and
- a decrease in General Fund appropriations to DOC of \$6,010,723, an allocation of 0.8 FTE, and an increase in appropriations of \$145,541, \$103,824 of which must be reappropriated to the Office of Information Technology.

State and Local Government Contacts

Corrections
Judicial
Sheriffs

Counties
Local Affairs

Information Technology
Public Safety